

BURLINGTON STEEL COMPANY, LIMITED

ANNUAL REPORT OF THE BOARD OF DIRECTORS

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TO THE SHAREHOLDERS:

YOUR Directors present herewith a statement of the affairs and financial position of your Company for the fiscal year ended December 31, 1937.

Sales of the Company's products showed an important increase over the previous year, and as a result the profits for 1937, after depreciation and provision for Taxes, amount to \$202,400.92, as compared with \$55,892.35 for 1936. These earnings are the largest shown since 1929.

The net current assets of the Company were increased during the year by \$135,589.97, and now amount to \$782,636.56. Capital expenditure was \$38,810.95, and should result in more efficient operation.

Dividends to the amount of \$70,000. have been paid from the year's earnings.

You are aware of the current drastic decline in steel operations in the United States, which is now being reflected in Canada.

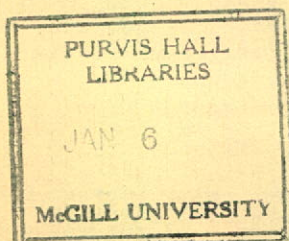
This Company has had a considerable falling off in both orders received and shipments of steel since November, and the outlook for business cannot be considered as favorable as it was at this time a year ago.

It is impossible to forecast how far the reaction may extend, but we are hopeful that within a reasonable time a general improvement in demand for steel products will ensue.

Respectfully submitted on behalf of the Directors.

J. B. CARSWELL,
President.

Hamilton, February 1, 1938.



BURLINGTON STEEL

BALANCE SHEET, D

ASSETS

Current Assets:

Cash on hand and in bank.....	\$ 106,968.04	
Investments in marketable securities at book values..... (Market value \$96,504.00)	90,259.10	
Life insurance policies (cash surrender value).....	26,500.00	
Accounts receivable.....	\$ 201,347.90	
Less—Reserve for doubtful accounts.....	10,000.00	
		191,347.90
Stocks of raw material and supplies, finished product and scrap, as determined and certified to by responsible officials of the company and valued on a basis which is not in excess of market or cost.....	510,267.60	
		\$ 925,342.64

Capital Assets:

On basis of appraised values reported by Canadian Appraisal
Company, Limited in March 1928, with subsequent additions
at cost—

Land.....	\$ 69,255.00	
Buildings.....	\$ 345,908.20	
Equipment.....	930,058.65	
	\$1,275,966.85	
Less—Reserve for depreciation.....	726,934.06	
		549,032.79
		618,287.79
		<u>\$1,543,630.43</u>

AUDITORS' REPORT TO

We have made an examination of the balance sheet of Burlington Steel Company, Limited as a connection therewith we examined or tested accounting records of the company and other supporting evidence and a review of the accounting methods and of the operating and income accounts for the year, and the result of its operations for the year.

We report that in our opinion, based upon such examination, the above balance sheet and statement of the state of the company's affairs as at December 31, 1937, and the result of its operations for the year.

Toronto, February 1, 1938.

COMPANY, LIMITED

DECEMBER 31, 1937

LIABILITIES

Current Liabilities:

Accounts payable and accrued liabilities.....	\$ 76,806.08
Taxes payable and accrued.....	44,900.00
Dividend payable January 3, 1938.....	21,000.00
	\$ 142,706.08

Reserve for Contingencies	10,000.00
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Capital:

Represented by 200,000 shares without nominal or par value, of which 140,000 shares are issued.....	\$ 940,000.00
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NOTE—By supplementary letters patent dated February 26, 1937, each of the 100,000 shares of capital stock of which 70,000 shares were issued and outstanding at the date of the last balance sheet, was sub-divided into two new shares.

Distributable Surplus	116,520.54
(No change during the year).	

Profit and Loss:

As per statement attached.....	334,403.81
Total Capital and Surpluses.....	1,390,924.35

APPROVED ON BEHALF OF THE BOARD:

FRANK P. WOOD, Director.
J. B. CARSWELL, Director.

\$1,543,630.43

TO THE SHAREHOLDERS

at December 31, 1937 and of the statement of profit and loss for the year ending on that date. In evidence and all our requirements as auditors have been complied with; we also made a general scope of our examination of the detail transactions included extensive tests thereof.

related statement of profit and loss are properly drawn up so as to exhibit a true and correct view year ending on that date, and are as shown by the books of the company.

PRICE, WATERHOUSE & CO.,
Chartered Accountants.

BURLINGTON STEEL COMPANY, LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDING DECEMBER 31, 1937

PARTICULARS	AMOUNT
Balance brought forward January 1, 1937.....	\$212,002.89
Profit from operations for the year ending December 31, 1937 before providing for depreciation and income taxes.....	\$281,523.61
Income from investments.....	\$ 7,942.44
Less—Life insurance premiums less increase in cash surrender value.....	1,515.00
	<u>6,427.44</u>
	\$287,951.05
Deduct—	
Provision for depreciation.....	\$ 42,000.00
Provision for Dominion and Provincial income taxes.....	43,550.13
	<u>85,550.13</u>
Net profit for the year.....	202,400.92
Together.....	<u>\$414,403.81</u>
Deduct—	
Dividends.....	\$ 70,000.00
Provision for contingencies.....	10,000.00
	<u>80,000.00</u>
Balance carried to the balance sheet.....	<u><u>\$334,403.81</u></u>